

भारत का राजपत्र The Gazette of India

असाधारण
EXTRAORDINARY

भाग II—खण्ड 2
PART II—Section 2

प्राधिकार से प्रकाशित
PUBLISHED BY AUTHORITY

सं० 26] नई दिल्ली, मंगलवार, मई 14, 1974/वैशाख 24, 1896
No. 26] NEW DELHI, TUESDAY, MAY 14, 1974/VAISAKHA 24, 1896

इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह अलग संकलन के रूप में रखा जा सके।
Separate paging is given to this Part in order that it may be filed
as a separate compilation

RAJYA SABHA

The following Bill was introduced in the Rajya Sabha on the 14th May, 1974:—

Bill No. XIV of 1974

A Bill to provide for the incorporation, regulation and winding up of Central societies and declared Central societies and regulation of aided Union territory societies and amalgamation of Central societies or aided Union territory societies with similar societies and for matters connected therewith or incidental thereto.

Be it enacted by Parliament in the Twenty-fifth Year of the Republic of India as follows:—

PART I

PRELIMINARY

1. (1) This Act may be called the Central and Other Societies (Regulation) Act, 1974.

(2) This Act extends to the whole of India except the State of Jammu and Kashmir.

(3) It shall come into force on such date as the Central Government may, by notification, appoint.

2. (1) In this Act, unless the context otherwise requires,—

(a) “aided Union territory society” means a society, whether registered under the Societies Registration Act, 1860 or not so registered, which is or has been established in a Union territory at the

Short
title,
extent
and
commence-
ment.

Defini-
tions.

instance, or in pursuance of a resolution, of the Central Government, and is wholly or substantially financed by that Government;

(b) "Central society" means a society which is established in pursuance of any notification made by, or resolution of, the Central Government, and is wholly or substantially financed by that Government;

(c) "declared Central society" means an aided Union territory society or existing society which is declared, under section 7, to be a Central society;

(d) "existing society" means a society, body or other authority having objects not confined to one State and in existence at the commencement of this Act, whether registered under the Societies Registration Act, 1860, or not so registered, provided that it was established at the instance, or in pursuance of a resolution, of the Central Government, and is wholly or substantially financed by that Government;

21 of 1860.

(e) "managing committee", in relation to a Central society, means the body of persons to whom the management of the affairs of that society is entrusted under section 9;

(f) "memorandum", in relation to a Central society or declared Central society, means the memorandum of association of that society;

(g) "notification" means a notification published in the Official Gazette;

(h) "prescribed" means prescribed by rules made under this Act;

(i) "Registrar" means the person appointed or authorised under sub-section (1) of section 8 to register Central societies and declared Central societies, and includes a person who may be appointed or authorised to act as an Additional, Joint, Deputy or Assistant Registrar.

(2) Where any aided Union territory society, Central society or existing society is wholly or substantially financed by any Commission, body or other authority from finances obtained, by such Commission, body or other authority, from the Central Government, such aided Union territory society, Central society or existing society, as the case may be, shall be deemed, for the purposes of this Act, to be wholly, or, as the case may be, substantially financed by the Central Government.

3. The provisions of this Act shall have effect notwithstanding anything inconsistent therewith contained in the Societies Registration Act, 1860, or in any other law (other than this Act) for the time being in force or in any memorandum of association, rules and regulations or any other instrument having effect by virtue of any enactment other than this Act.

21 of 1860.

Act to
override
the
Societies
Registration
Act,
1860,
other
enact-
ments,
etc.

PART II

ESTABLISHMENT, REGISTRATION AND INCORPORATION OF CENTRAL SOCIETIES

4. Where the Central Government is of opinion that for the better organisation of cultural, economic, educational, social or vocational advancement of the general public or any section thereof it is necessary or expedient so to do, it may, by notification or resolution, authorise the establishment of one or more Central societies, with objects not confined to one State.

Establishment of Central societies.

5. (1) A Central society shall have such objects as may be specified in its memorandum.

Objects of a Central society.

(2) In particular, and without prejudice to the generality of the foregoing power, the objects of a Central society may relate to all or any of the following matters, namely:—

- (a) promotion of arts (including fine arts), literature, science or culture;
- (b) charity or other useful objects;
- (c) diffusion of knowledge;
- (d) public museums and galleries of painting and other works of art, not financed by any State Government;
- (e) collection of antiquities;
- (f) legal aid to the poor;
- (g) eradication of illiteracy or poverty;
- (h) establishment and maintenance of institutions or organisations for the relief of the poor, old, infirm or disabled persons;
- (i) establishment and maintenance of institutions or organisations for the relief of the victims of crimes or natural calamities;
- (j) agencies and institutions for professional, vocational, or technical training;
- (k) promotion of special studies or research or scientific or technical assistance in the investigation and detection of crimes;
- (l) economic and social planning, social security and social insurance;
- (m) any other matter which the Central Government may, by notification, add to the memorandum.

6. (1) The Central Government may specify in the notification or resolution made under section 4, or in a subsequent notification or resolution,—

Capital, Members, memorandum and rules and regulations of a Central society.

- (a) the capital of the Central society and the manner in which, such capital shall be subscribed;
- (b) the names of the members of the Central society; and
- (c) the memorandum of such society, which shall state—
 - (i) the name of the society,
 - (ii) the State in which and the address at which the registered office of the society is to be situated,

(iii) the main objects to be pursued by the society and the objects incidental or ancillary to the attainment of the main objects,

(iv) the names and addresses and occupations of persons to whom the management of the affairs of the society shall be entrusted;

(d) the rules and regulations of the Central society.

(2) The members specified in the notification or resolution referred to in sub-section (1) shall subscribe their names to the memorandum of the Central society, and, on such subscription of names, the Central society shall become established.

(3) The members specified in the notification or resolution, referred to in sub-section (1) and the members of the managing committee of the Central society shall, so long as they hold such office, form the general body of the Central society.

(4) The Central Government may, if it is of opinion, that for the better functioning of a Central society, it is necessary so to do, make, by notification, such alterations in its memorandum or rules and regulations as it may think fit.

Declara-
tion of
aided
Union
territory
society or
existing
society
to be a
Central
society.

7. (1) Where the Central Government is satisfied—

(a) that the objects of an aided Union territory society or existing society are such as are specified in section 5; and

(b) that with a view to discharging its accountability to Parliament, it is necessary so to do,

it may, by notification, declare such aided Union territory society or existing society, as the case may be, to be a Central society.

(2) On the declaration of an aided Union territory society or existing society to be a Central society, every asset and every liability of such aided Union territory society or existing society, as on the date immediately before the date on which it is declared to be a Central society, shall become, respectively, the asset and liability of such declared Central society.

(3) For the purposes of sub-section (2), the assets of each aided Union territory society or existing society shall be deemed to include all rights, powers, authorities and privileges and all property, movable and immovable, cash balances, reserves funds, investments and all other rights and interests arising out of such property as were immediately before the date on which the aided Union territory society or existing society is declared to be a Central society, in the ownership, possession, power or control of the aided Union territory society or existing society, as the case may be, and all books of account, registers, records and documents of whatever nature relating thereto; and liabilities shall be deemed to include all borrowings, contingent liabilities and obligations of whatever kind subsisting immediately before the date of such declaration.

(4) (a) On and from the date on which an aided Union territory society or existing society is declared to be a Central society, every officer or other employee of such society shall become an officer or other employee, as the case may be, of the declared Central society and shall hold his office or service under the declared Central society on the same terms

and conditions as would have been admissible to him if the aided Union territory society or existing society, as the case may be, had not been declared to be a Central society and continue to do so unless and until his employment in the declared Central society is duly terminated or until his remuneration, terms and conditions of service are duly altered by the declared Central society.

(b) For the persons who, immediately before the date on which an aided Union territory society or existing society, as the case may be, is declared to be a Central society, were the trustees of such society or were the trustees for any pension, provident, gratuity or other like fund constituted for the officers or other employees of an aided Union territory society or existing society, there shall be substituted as trustees such persons as the Central Government may, by general or special order, specify.

14 of 1947.

(c) Notwithstanding anything contained in the Industrial Disputes Act, 1947, or in any other law for the time being in force, the transfer of the services of an officer or other employee of an aided Union territory society or existing society, as the case may be, to a declared Central society shall not entitle such officer or other employee to any compensation under any law for the time being in force, and no such claim shall be entertained in any court, tribunal or other authority.

(5) The Central Government may, if it is of opinion that it is necessary or expedient so to do for the better functioning of a declared Central society, by order, specify such alterations as are, in its opinion, needed to be made in the memorandum or rules and regulations of the declared Central society and direct that society to make the alterations so specified; and if the alterations specified by the Central Government are not made by the declared Central society within a period of six months from the date of receipt of the order, the Central Government may, by a further order direct that the specified alterations shall be deemed to have been made in the memorandum or rules and regulations of the declared Central society, and thereupon the memorandum or rules and regulations, as the case may be, of the declared Central society shall stand altered accordingly.

(6) The provisions of sections 11 to 20 (both inclusive) shall, so far as may be, apply to a declared Central society as they apply to a Central society.

8. (1) The Central Government may appoint such Registrars as it may think necessary for the registration of Central societies and declared Central societies, and may make regulations with respect to the duties of such Registrars:

Registration of Central societies, etc.

Provided that instead of appointing a Registrar, the Central Government may authorise any officer or authority to function as Registrar.

(2) On the establishment of a Central society, or on the declaration of an aided Union territory society or existing society to be a Central society, the managing committee of such Central society, or the governing body of the declared Central society, shall present within thirty days from such establishment or declaration, the case may be, for registration to the Registrar—

(a) the memorandum of the Central society or declared Central society, as the case may be, and

(b) its rules and regulations.

(3) If the Registrar is satisfied that all the requirements of this Act with regard to the establishment of a Central society, or the declaration of an aided Union territory society or existing society to be a Central society, have been complied with, and that it is authorised to be registered under this Act, he shall retain and register the memorandum and the rules and regulations of such Central society or declared Central society; as the case may be.

(4) There shall be paid to the Registrar, for every such registration, such fee, not exceeding five hundred rupees, as may be prescribed.

(5) On the registration of the memorandum and the rules and regulations of a Central society or declared Central society, the Registrar shall certify under his hand and seal that the Central society or the declared Central society, as the case may be, is incorporated.

(6) From the date of incorporation, mentioned in the certificate of incorporation, the Central society or the declared Central society, as the case may be, shall be a body corporate by the name contained in its memorandum, having perpetual succession and a common seal with power, subject to the provisions of this Act, to acquire, hold and dispose of property, and to contract, and may sue and be sued by the said name.

(7) Every alteration in the memorandum or rules and regulations of a Central society or declared Central society shall be filed with the Registrar within thirty days from the date on which such alteration is, or is deemed to have been, made.

(8) On the incorporation of a declared Central society, such society shall, if it is registered under the Societies Registration Act, 1860, cease to be governed by the provisions of that Act.

21 of 1860.

Management of a Central society or declared Central society.

9. (1) The management of the affairs of a Central society shall be initially entrusted by the Central Government to the body of persons specified in the notification or resolution referred to in sub-section (1) of section 6, and thereafter the management of the affairs of a Central society shall be entrusted to such body of persons as may be nominated in accordance with the rules made by the Central Government in this behalf.

(2) The management of a declared Central society shall be carried on in accordance with the bye-laws of that society.

Annual list of members of the governing body to be filed with the Registrar.

10. (1) Every Central society or declared Central society shall, once in every year, file with the Registrar a list of the names, addresses and occupations of persons who are entrusted with the management of the affairs of the Central society or declared Central society, as the case may be.

(2) The list referred to in sub-section (1) shall be filed on or before the fourteenth day on which, according to the bye-laws of the Central society or declared Central society, the annual general meeting of the society is, or ought to have been, held.

11. (1) A Central society may make, with the previous approval of the Central Government, bye-laws in accordance with which the affairs of such society would be conducted:

A. K. M.
Power
to make
bye-laws.

Provided that such bye-laws shall not be inconsistent with the provisions of this Act or of the memorandum and rules and regulations of the Central society.

(2) A Central society may, in like manner, add to, omit, modify or otherwise amend any bye-law made by it.

12. (1) Every Central society shall hold for each year, in addition to any other meeting an annual meeting as the annual general meeting—

Annual
general
meeting.

(a) of its general body, where the general body has been specified by the Central Government, or

(b) of its managing committee, where no general body has been specified by the Central Government.

(2) The Central society shall, at its annual general meeting, consider the following matters, namely:—

(a) the report of the activities of the Central society for the year immediately preceding the year in which the annual general meeting is, or ought to have been, held (hereinafter referred to as the "preceding year");

(b) the audit report and audited accounts and balance-sheet of the Central society for the preceding year;

(c) budget for the ensuing year;

(d) any other matter of which notice has been given to the members of the general body or of the managing committee, as the case may be.

13. (1) Every Central society shall establish its own fund.

Fund of
the
Central
society.

(2) All the income of a Central society, and every contribution received by it, whether from its members or from the Central Government or any State Government or from any other source, shall be credited to the fund established under sub-section (1).

(3) All expenses of the Central society shall be met out of the fund established under sub-section (1).

14. (1) Every Central society shall have a reserve fund, to which shall be credited, at the end of every year, any surplus left after meeting its expenses.

Reserve
fund.

(2) The reserve fund shall be utilised by a Central society, with the approval of the Central Government, for such purposes and in such manner as may be prescribed.

15. A Central society may establish such other subsidiary funds as may be necessary for the efficient management of such society.

Subsidi-
ary
Funds.
Provisions
of sections
293, 295
and 314
of the
Companies
Act, 1956
to apply
to Central
society.

16. The provisions of section 293, 295 and 314 of the Companies Act, 1956, shall, as far as may be, apply to a Central society as if such society were a company formed and registered under the Companies Act, 1956, and references therein to directors or Board of directors shall be construed as references, respectively, to the members and managing committee of a Central society.

Books
and
records
to be
maintain-
ed by a
Central
society.

17. Every Central society shall maintain, in relation to the business carried on by it, accounts and other records in such form and in such manner as may be prescribed.

Audit of
accounts.

18. (1) Every Central society shall cause its books to be closed and balanced on the 31st day of March of each year and shall appoint, at its annual general meeting, the Comptroller and Auditor-General of India or such officer of the Indian Audit and Accounts Department as may be specified by him, as auditor for the audit of its accounts.

(2) Where the audit is made by any officer other than the Comptroller and Auditor-General of India, the auditor shall submit a copy of the audit report to the Comptroller and Auditor-General of India, who shall have the right to comment upon, or supplement, the audit report in such manner as he may think fit.

(3) Any such comment upon, or supplement to, the audit report shall be placed before the annual general meeting of the Central society at the same time and in the same manner as the audit report.

Winding
up of
Central
societies.

19. No provision of law relating to the winding up of companies, corporations or societies shall apply to a Central society, and it shall not be wound up or placed in liquidation save by order of the Central Government and in such manner as that Government may direct.

Indem-
nity.

20. (1) Every member of the managing committee of a Central society and every officer or other employee thereof shall be indemnified by the Central society against all losses and expenses incurred by him in, or in relation to, the discharge of his duties except such as have been caused by his own wilful act or default.

(2) No member of the managing committee of a Central society shall be responsible for any loss or expenditure caused to the Central society by the insufficiency or deficiency of the value of, or title to, any property or security acquired or taken on behalf of the Central society or by anything done in, or in relation to, the execution of the duties of his office, unless such loss, expenditure, insufficiency or deficiency was due to any wilful act or default on the part of such member.

PART III

SPECIAL PROVISIONS RELATING TO AIDED UNION TERRITORY SOCIETIES

Alterations,
etc.,
in the
memorandum and
rules
regulations
to be
filed with
the Registrar of
Societies.

21. (1) Every alteration, extension or abridgement of any purpose specified in the memorandum of any aided Union territory society which, being a society registered under the Societies Registration Act, 1860, continues to be governed by the provisions of that Act, and every alteration in its rules and regulations, by whatever name called, shall be filed with the Registrar of Societies appointed under that Act, within thirty days from the date on which such alteration, extension or abridgement is confirmed by the members of the aided Union territory society. 21 of 1860.

(2) If any default is made in complying with the provisions of subsection (1), every member of the governing body of the aided Union territory society who is knowingly or wilfully guilty of such default or

who has knowingly or wilfully permitted such default shall be punished with fine which may extend to one thousand rupees, and to a further fine of twenty-five rupees for every day, after the first, during which the default continues.

21 of 1860.

22. If any aided Union territory society which, being a society registered under the Societies Registration Act, 1860, continues to be governed by the provisions of that Act, omits or fails to file its annual list of members of the governing body to the Registrar of Societies appointed under that Act, every member of the governing body of such Union territory society who is knowingly or wilfully guilty of such default or who has knowingly or wilfully permitted such default, shall be punished with fine which may extend to one thousand rupees, and to a further fine of twenty-five rupees for every day, after the first, during which the default continues.

Penalty for non-filing of annual list of governing body

PART IV

AMALGAMATION OF CENTRAL SOCIETIES AND AIDED UNION TERRITORY SOCIETIES

23. (1) The Central Government may, if it is of opinion that it is necessary in the public interest so to do, prepare a scheme for the amalgamation of—

(a) a Central society or declared Central society with any other Central society or declared Central society, or

(b) an aided Union territory society with any other aided Union territory society.

(2) The Central society or declared Central society with which any other Central society or declared Central society is amalgamated, and an aided Union territory society with which any other aided Union territory society is amalgamated shall hereinafter be referred to as the "transferee society", and the Central society, declared Central society or aided Union territory society, which becomes amalgamated with any other Central society, declared Central society or aided Union territory society, as the case may be, shall hereinafter be referred to as the "transferor society".

Scheme for amalgamation of Central societies and aided Union Territory Societies.

(3) The scheme, referred to in sub-section (1), may provide for all or any of the following matters, namely:—

(a) constitution, capital, assets, powers, rights, interests, authorities and privileges, liabilities, duties and obligations of the transferee society on the amalgamation with it of any transferor society;

(b) transfer to the transferee society of the business, properties, assets and liabilities of the transferor society on such terms and conditions as may be specified in the scheme;

(c) any change in the governing body or the appointment of a new governing body of the transferee society and the manner in which and the terms and conditions on which such change or appointment shall be made and, in the case of appointment of a new governing body, the period for which such appointment shall be made;

(d) alterations, if necessary, of the memorandum and rules and regulations of the transferee society for the purpose of giving effect to the scheme of amalgamation;

(e) subject to the provisions of the scheme, the continuation by or against the transferee society, of any actions or proceedings pending against the transferee society or transferor society immediately before the date of amalgamation;

(f) reduction of the interests or rights which the members or other creditors have in or against the transferee society or the transferor society before the amalgamation to such extent as the Central Government may consider necessary in the public interest;

(g) payment, in cash, to creditors in full satisfaction of the claim—

(i) in respect of the interests or rights in or against the transferor society before the amalgamation, or

(ii) where their interests or rights aforesaid in or against the transferor society or transferee society has or have been revised under clause (f) in respect of such interests or rights, as so revised;

(h) continuation of the services of all the employees of the transferor society or, as the case may be, of the transferee society at the same remuneration and on the same terms and conditions which they were entitled to or, as the case may be, by which they were being governed immediately before the date of amalgamation;

(i) such incidental, consequential and supplemental matters as are necessary to ensure that the amalgamation shall be fully and effectively carried out;

(j) dissolution of the transferor society.

(4) A copy of the scheme prepared by the Central Government shall be sent in draft to the transferor society and the transferee society to enable it to make suggestions and objections, if any, within such period, not being less than two months, as the Central Government may specify for the purpose.

(5) The Central Government may make such modifications, if any, in the draft scheme as it may consider necessary in the light of the suggestions and objections received from the transferor society and the transferee society or from any member or creditor or class of creditors of the transferor society or transferee society.

(6) The scheme shall, thereafter, be sanctioned by the Central Government after making such modifications therein as it may think fit, and the scheme so sanctioned by the Central Government shall come into force on such date as that Government may specify in this behalf:

Provided that different dates may be specified for different provisions of the scheme.

(7) The sanction accorded by the Central Government under subsection (6) shall be conclusive evidence that all the requirements of this

section relating to amalgamation have been complied with, and a copy of the sanctioned scheme, certified in writing by an officer of the Central Government, not below the rank of an Under Secretary, to be a true copy thereof, shall, in all legal proceedings, be admitted as evidence to the same extent as the original scheme.

(8) On and from the date of coming into operation of the scheme or any provision thereof, the same or such provision shall be binding on all the members, creditors and employees of the concerned Central society, declared Central society or aided Union territory society, as the case may be, and on every other person having any right or liability in relation to any of the said societies.

(9) On and from such date as may be specified by the Central Government in this behalf, the business, properties and assets of the transferor society shall, by virtue of and to the extent provided in the scheme, stand transferred to, and vest in the transferee society; and the liabilities of the transferor society shall, by virtue of and to the extent provided in the scheme, stand transferred to and become the liabilities of the transferee society.

(10) In any difficulty arises in giving effect to the provisions of the scheme, the Central Government may, by order, do anything, not inconsistent with such provisions, which appear to it necessary or expedient for the purpose of removing the difficulty.

(11) The Central Government may prepare a scheme, made in like manner, to add to, vary or modify any scheme made under this section.

PART V

POWERS OF CENTRAL GOVERNMENT WITH REGARD TO CENTRAL SOCIETIES AND DECLARED CENTRAL SOCIETIES AND AIDED TERRITORY SOCIETIES

24. (1) Whenever the Central Government is satisfied that with a view to ensuring the proper functioning of any Central society, declared Central society or aided Union territory society or with a view to discharging its accountability to Parliament in relation to such society it is necessary so to do, it may—

Power of Central Government to issue directions, etc.

(a) issue such directions as it may think fit to such Central society, declared Central society or aided Union territory society, as the case may be;

(b) require such Central society, declared Central society or aided Union territory society,—

(i) to submit every year its budget for the next year to the Central Government for approval, and thereupon the budget, as approved by the Central Government, shall be the budget of the Central society, declared Central society or aided Union territory society, as the case may be, for the concerned year;

(ii) to submit a statement of its accounts to the Central Government and to furnish such informations and explanations as may be necessary in relation to such accounts;

(iii) to give such informations or explanations with respect to its affairs as the Central Government may specify.

(2) Whenever any Central society, declared Central society or aided Union territory society is required under sub-section (1) to submit its budget to the Central Government for approval, no expenditure shall be incurred by such society unless such expenditure is authorised by its budget as approved by the Central Government.

Powers of Central Government to investigate the affairs of a Central society declared Central society, or aided Union territory society.

25. (1) If the Central Government has any reasonable cause to believe that there are circumstances suggesting—

(a) that the business of any Central society, declared Central society or aided Union territory society is being conducted with intent to defraud its creditors, members or other persons or otherwise for a fraudulent or unlawful purpose, or

(b) that the persons to whom the management of the affairs of the Central society, declared Central society or aided Union territory society has been entrusted, have been guilty of fraud, misfeasance or other misconduct towards the Central society, declared Central society or aided Union territory society, as the case may be, or

(c) that the Central society, declared Central society or aided Union territory society, as the case may be, has not given all the informations or explanations with respect to its affairs which were required by the Central Government under section 24,

it may appoint one or more persons as Inspectors to investigate into the affairs of the Central society, declared Central society or aided Union territory society, as the case may be, and to make a report to the Central Government.

(2) An Inspector appointed under sub-section (1) shall have all the powers of an Inspector appointed under section 237 of the Companies Act, 1955, as if the Central society, declared Central society or aided Union territory society, as the case may be, were a company within the meaning of that Act.

1 of 1956.

(3) The Inspector shall make a report to the Central Government on the conclusion of the investigation and may, if so desired by the Central Government, make interim reports to that Government.

(4) The Central Government shall forward to the Central society, declared Central society or aided Union territory society, as the case may be, whose affairs have been investigated into under sub-section (1), every report, including an interim report, submitted to it under sub-section (3).

(5) The Central Government shall take such action against the Central society, declared Central society or aided Union territory society, or any member thereof as it may think fit after considering the report submitted to it by the Inspector.

Power of Central Government to prevent mismanagement.

26. If the Central Government is satisfied, after such inquiry as it may deem fit to make, that a Central society, declared Central society or aided Union territory society is not discharging its functions properly or is being managed in a manner which is prejudicial to the interests of that society, and that it is necessary so to do to ensure the proper functioning of such society, it may by order, appoint, for a period not exceeding three years, such number of persons as it may think fit as members of the managing committee, by whatever name called, of the Central society, declared Central society or aided Union territory society, as the case may be, or may remove from office one or more members of the managing committee of such society:

Provided that no such order shall be made except after giving the Central society, declared Central society or aided Union territory society

or the concerned member or members of the managing committee, as the case may be, a reasonable opportunity of being heard.

27. (1) If the Central Government is satisfied, whether after an investigation made under section 25 or otherwise, that—

(a) a Central society, declared Central society or aided Union territory society has, without sufficient reason, failed to—

(i) carry out any direction given to it, or

(ii) submit its budget to the Central Government for approval, or

(iii) submit a statement of its accounts to the Central Government, or

(iv) furnish any information or explanation in relation to such account; or

(b) a Central society, declared Central society or aided Union territory society has misapplied the whole or any part of the funds made available to it by the Central Government; or

(c) the business of a Central society, declared Central society or aided Union territory society is being conducted with intent to defraud its creditors, members or any other person,

Power of Central Government to take over the management of a Central society, declared Central society or aided Union territory society.

and that it is expedient in the interests of the proper management of the Central society, declared Central society or aided Union territory society so to do, that Government may, after giving to the concerned society a reasonable opportunity of showing cause against the proposed action, by order, take over the management of such Central society, declared Central society or aided Union territory society, as the case may be, for such period not exceeding three years as may be specified in the order:

Provided that where the management of a Central society, declared Central society or aided Union territory society is taken over for a period of less than three years, the Central Government may, if it is of opinion that in order to ensure proper management thereof it is expedient that the management by the Central Government should continue after the expiry of the said period, from time to time, issue directions for the continuance of such management for such period not exceeding one year at a time as it may think fit, so, however, that the total period for which such management is taken over shall not, in any case, exceed three years.

(2) Whenever the management of a Central society, declared Central society or aided Union territory society is taken over under sub-section (1), every person in charge of the management of such society immediately before such management is taken over shall deliver possession of the property of such society to the Central Government or to any officer authorised by the Central Government in this behalf.

(3) After taking over the management of the Central society, declared Central society or aided Union territory society, as the case may be, under this section, the Central Government shall arrange to manage such society through such person or body of persons as it may think fit.

(4) During such period as the Central society, declared Central society or aided Union territory society remains under the management of the Central Government—

(a) the service conditions of the employees of such society, who were in employment immediately before the date on which the management of such society was taken over shall not be varied to their disadvantage;

(b) all the functions of such society shall be discharged by the Central Government;

(c) the funds of such society shall continue to be available to the Central Government for being spent for the purposes of the society.

Contracts,
etc., in
bad faith
may be
cancelled
or varied.

28. The person or body of persons authorised under section 27 to carry on the management of a Central society, declared Central society or aided Union territory society may, with the previous approval of the Central Government, make an application to any court having jurisdiction in this behalf for the purpose of cancelling or varying any contract or agreement entered into at any time before the issue of the order under section 27, between the Central society, declared Central society or aided Union territory society, as the case may be, and any person, and the court may, if satisfied after due inquiry that such contract or agreement had been entered into in bad faith or is detrimental to the interests of the Central society, declared Central society or aided Union territory society, as the case may be, make an order cancelling, or varying (either unconditionally or subject to such conditions as it may think fit to impose) the contract or agreement and the contract or agreement shall have effect accordingly.

No right
to compen-
sation
for termi-
nation of
office or
contract
of manage-
ment.

29. Notwithstanding anything contained in any other law for the time being in force, no person, who ceases to hold any office or whose contract of management is terminated by reason of the provisions of section 28 shall be entitled to any compensation for the loss of office or for the premature termination of his contract of management:

Provided that nothing contained in this section shall entitle any such person to recover from the Central society or aided Union territory society, as recoverable otherwise than by way of such cor

Applica-
tion of
Act 21 of
1860.

30. (1) Notwithstanding anything contained in the Contract Act, 1860, or in the memorandum or rules of the Central society, whenever the management of an aided Union territory society which is a society registered under the said Act is taken over by the Central Government under this Act,—

(a) it shall not be lawful for the member of the Central society or any other person to nominate or appoint any person to manage the affairs of the society;

(b) no proceeding for the appointment of a receiver in respect of such society shall lie in any court except with the consent of the Central Government; or

(c) no resolution passed at any meeting of the members of such society shall be given effect to unless approved by the Central Government.

(2) Subject to the provisions contained in sub-section (1) and to the other provisions contained in this Act and subject to such other exceptions, restrictions and limitations, if any, as the Central Government may, by notification, specify in this behalf, the Societies Registration Act, 1860, shall continue to apply to such aided Union territory society in the same manner as it applied thereto before the issue of the order under section 27.

21 of 1880

31. If at any time it appears to the Central Government on the application of any member of the Central society, declared Central society or aided Union territory society or otherwise that the purpose of the order issued under section 27 has been fulfilled, or that for any other reason it is not necessary that the order should remain in force, the Central Government may, by notification, cancel such order, and on the cancellation of any such order, the management of the Central society, declared Central society or aided Union territory society, as the case may be, shall vest in the governing body of such society.

Power of Central Government to cancel the order issued under section 27.

PART VI

MISCELLANEOUS

32. Any member of the governing body of a Central society, declared Central society or aided Union territory society who steals or embezzles any money or other property, or wilfully destroys or damages any property, of such Central society, declared Central society or aided Union territory society, as the case may be, or forges any deed, bond, security for money, receipt or other instruments, whereby the funds of the Central society, declared Central society or aided Union territory society may be exposed to loss, shall be guilty of breach of trust and may be prosecuted and punished for such offence as if it were an offence punishable under the Indian Penal Code, and shall also be liable for misfeasance and the provisions of the Companies Act, 1956, with regard to misfeasance by directors, shall, as far as may be, apply to him as if he were a director of a company.

Penalty for embezzlement of society's property, etc.

33. (1) The Central Government may, by notification, direct that all or any of the powers exercisable by it under this Act may also be exercised by any person or persons as may be specified in the notification.

Delegation of powers.

(2) Whenever any delegation of powers is made under sub-section (1), the person to whom such power has been delegated shall act under the direction, control and supervision of the Central Government.

34. (1) The Central Government may, by notification, make rules for carrying out the provisions of this Act.

Power to make rules.

45 of 1880
1 of 1956.

(2) In particular, and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely:—

(a) fees to be paid for the registration of a Central society or declared Central society;

(b) nomination of the body of persons by whom the affairs of Central society shall be managed;

(c) the purposes for which and the circumstances in which the reserve fund of a Central society or declared Central society may be used by it;

(d) manner in which books of account and records shall be maintained by a Central society or declared Central society;

(e) form of the balance-sheet and the income and expenditure statement of every Central society or declared Central society;

(f) any other matter which is required to be, or may be, prescribed.

(3) Every rule made by the Central Government under this Act shall be laid, as soon as may be after it is made, before each House of Parliament while it is in session for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the rule or both Houses agree that the rule should not be made, the rule shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule.

STATEMENT OF OBJECTS AND REASONS

The Societies Registration Act, 1860, was enacted at the specific request of the British Indian Association, Calcutta Public Library and a few other voluntary organisations for improving the legal position of such societies established for the promotion of literature, science or fine arts or for diffusion of useful knowledge or for charitable purposes. It is essentially an Act to govern the functioning of purely non-profit-making voluntary organisations established by private efforts.

2. Ever since independence, the Central Government have established a large number of organisations having promotion of literature, science or fine arts or diffusion of knowledge as their objects or for charitable purposes. Most of these organisations are wholly financed by the Central Government and have been established and registered in accordance with the provisions of the Societies Registration Act, 1860. The main object of establishing such organisations under the said Act was to give to them a degree of autonomy in the matter of their functioning. It would not have been possible to give such autonomy to these organisations if they were to function under the departmental rules and orders, financial or otherwise, which are in force for the time being. The autonomy which is given to these organisations had, however, often resulted in the Central Government not having the control with regard to their functioning, which is necessary in the context of Government's accountability to Parliament and the public for moneys paid to these organisations from Government funds. Accordingly, a need has been felt for a separate legislation which will provide for a balance between the autonomy of these organisations on the one hand and the accountability of the Central Government to Parliament and to the public on the other.

3. The proposed Bill empowers the Central Government to establish, by notification or resolution, autonomous organisations having objects not confined to one State provided that such organisations are established for the better organisation of cultural, social or vocational advancement of the general public or any section thereof. The Bill also empowers the Central Government to declare an existing society, whether registered under the Societies Registration Act, 1860, or not, to be a Central society. While the Bill protects the autonomy of these organisations, it empowers the Central Government to exercise certain financial and other controls over these organisations.

4. With a view to enabling the Central Government to discharge its obligations to Parliament, the Bill also empowers the Central Government to exercise similar control with regard to societies registered in any Union territory under the Societies Registration Act, 1860, if such society has been established at the instance or in pursuance of a resolution of the Central Government and is wholly or substantially financed by that Government.

5. The Bill also provides for the amalgamation of a Central society or declared Central society with another Central society or declared Central society in certain circumstances.

6. Among the powers proposed to be vested in the Central Government under the Bill, to ensure proper functioning of the autonomous organisations, mention may be made of the power—

(a) to notify the initial constitution and memorandum of association and rules and regulations;

(b) to accord approval to the bye-laws made by the society;

(c) to issue directions;

(d) to require submission of information and statement of accounts;

(e) to appoint one or more Inspectors to investigate into the affairs of the society, where necessary, and to take such action as may be necessary on the report of the Inspector;

(f) to appoint additional members of the managing committee for a period not exceeding three years, or remove from office one or more members of the managing committee;

(g) to take over temporary management of the society for a period not exceeding three years.

NEW DELHI;

R. H. GOKHALE.

The 7th May, 1974.

FINANCIAL MEMORANDUM

Under clause 3 of the Bill, the Central Government may appoint such Registrar as it thinks necessary for the registration of Central societies and declared Central societies under the Act and may make regulations with respect to the duties of the Registrar. It is expected that the expenditure on the Registrar's functions may not exceed Rs. 10,000 per year as the powers of the Registrar are likely to be conferred on an existing authority.

2. Under clause 25, the Central Government may, in certain circumstances, appoint one or more persons as Inspectors to investigate into the affairs of a Central society or declared Central society or aided Union territory society. The funds required for this purpose cannot be estimated at this stage. But the expenditure on this head is not likely to exceed Rs. 10,000 in a year.

3. The Bill, if enacted, would not involve any non-recurring expenditure.

MEMORANDUM REGARDING DELEGATED LEGISLATION

Clause 11 of the Bill empowers a Central society to make, with the previous approval of the Central Government, bye-laws in accordance with which the affairs of the society shall be conducted.

2. Clause 34 of the Bill empowers the Central Government to make rules to carry out the provisions of the Bill. The matters in respect of which the rules are to be so made are specified in sub-clause (2) of that clause. Those matters include the fees to be paid for the registration of a Central society or declared Central society and the manner in which nomination is to be made of persons by whom the affairs of the Central society shall be managed after its initial constitution.

3. The matters in respect of which bye-laws or rules may be made are generally matters of procedure and administrative detail and it is not practicable to provide for them in the Bill itself. The delegation of the legislative power is, therefore, of a normal character.

B. N. BANERJEE,
Secretary-General.